

LRM1501

May/June 2016

INTRODUCTION TO LABOUR RELATIONS MANAGEMENT

Duration 2 Hours

75 Marks

EXAMINERS

FIRST

SECOND

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MR N SOTSHONONDA

Closed book examination

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This examination paper consists of five (5) pages

INSTRUCTIONS:

1. Answer any **three (3)** of the **five (5)** questions. If you answer more than three (3) questions, only the first three (3) questions will be marked
 2. Rough work will not be marked
 3. Write legibly
 4. Write the numbers of the questions you choose to answer on the cover of the examination answer book in the space allocated for this purpose
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ANSWER ANY THREE (3) OF THE FIVE (5) QUESTIONS.**QUESTION 1**

Read the following case study and answer question 1.1.

In 2002, Wal-Mart's net income was \$6.7 billion. Wal-Mart has 1,283,000 employees, as of 2002, a growth of 11.2%. Wal-Mart is the largest retail store in the United States, and is larger than any other retail chain in the world. Currently, Wal-Mart operates over 4,150 retail facilities globally. The company is the dominant retail store in Canada, Mexico and the United Kingdom.

According to the Fortune 500 index of the wealthiest and most powerful corporations in the world, Wal-Mart holds the number one spot, ranked by its total sales. A discount retail store such as Wal-Mart can provide lower priced goods for consumers at lower prices by accepting lower margins, while selling greater quantities of goods. In order to keep low prices, the company reduces costs by the use of advanced electronic technology and warehousing. It also negotiates deals for merchandise directly from manufacturers, eliminating the middleman.

Each year, more claims are made against Wal-Mart by the trade unions and other businesses that have been forced out of business. Critics contend that the success of Wal-Mart hurts the existing local independent merchants. Despite the criticism that Wal-Mart destroys small-town competitors, the local chambers of commerce endorsed Wal-Mart. Wal-Mart is often able to uncut many other local industries and more and more local businesses are shutting down when Wal-Mart moves into town. The trade unions are filing more court claims against Wal-Mart because they encourage their workers not to join unions.

Most of Wal-Mart employees do not get paid "generous" wages. They are part-time workers who are paid local minimum wage. In many cases, the local minimum wage is far below the poverty line. Most employees are not entitled to any benefits, as it takes a part-time employee over five years to become eligible for benefits, profit-sharing, or other benefits such as compensation. There is a high turnover rate among these employees, which means most do not reach the requisite level of seniority.

Source: Adapted from Mike-pereira.com

- 1.1 One of the macro-external environmental factors that affects labour relations is globalisation. Identify and discuss five [5] positive and five [5] negative effects that can be experienced by Wal-Mart and its suppliers as a result of globalisation. (10)

Read the following scenario and answer questions 1.2 and 1.3.

Both Jack and Simon work in the printing unit of Going-Green Paper (Pty) Ltd. Jack and Simon are found by the security guard in possession of company property that was not authorised. Jack is found with three pens in his jacket and Simon with a laptop in his bag. They are both called to disciplinary hearings, which they attended. The outcome of Simon's hearing is dismissal for theft, which is regarded as gross misconduct. However, Jack is given a final written warning for being in unauthorised possession of company property.

- 1.2 Indicate whether Jack and Simon should receive the same sanction, or different sanctions. Give reasons for your answer. (4)
- 1.3 In terms of the Labour Relations Act 66 of 1995 (LRA), apply the guiding principles or requirements for substantive fairness and procedural fairness to determine the appropriate sanction for Jack and Simon. (11)

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QUESTION 2

- 2 1 Explain why workplace forums may be perceived to be ineffective in the South African workplace (5)
- 2 2 Distinguish between a conflict, grievance and dispute. In your answer, also explain at what stage a labour matter is regarded as a conflict, a grievance or a dispute (12)
- 2 3 Explain the purpose of the Employment Equity Act 55 of 1998 (EEA) (2)
- 2 4 Give your opinion regarding the possible effects of applying affirmative action indefinitely in the South African labour market (6)

[25]**QUESTION 3****Read the following scenario and answer question 3.1.**

Sam has been working for Super IT (Pty) Ltd for five years without a signed written contract of employment. His line manager wants to give performance bonuses to permanent employees for achieving superior performance goals in the department. While his manager considers Sam to be an independent contractor, Sam is arguing that he is a permanent employee who is entitled to a performance bonus.

For the period of five years, Sam has been coming to work at 8am and leaving the workplace at 4pm. His work performance and working hours were strictly monitored by his manager. Sam's line manager did not allow him to delegate his work to anyone outside the company. His manager provided him with all the sources and equipment to perform his duties. Sam's outstanding performance impressed his manager to an extent that he was given the opportunity to influence the process of the decision making of the company.

- 3 1 As the labour relations manager, identify the facts which determine whether Sam is working as a permanent employee, or an independent contractor (13)
- 3 2 With reference to the engineering labour market, discuss six [6] factors which may influence a shortage of skilled and qualified engineers in South Africa (12)

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QUESTION 4

Read the following scenarios and answer question 4.1.

Scenario A: Fashion Clothing (Pty) Ltd has done well for the past ten years. However, due to the economic downfall caused by the recession, consumers are now spending less money on products and services. This has a negative effect on Fashion Clothing Pty's profit. As a result, the company is experiencing major financial losses, resulting in a decline of profit, customers and market share. In order to survive, Fashion Clothing Pty decides to cut costs by laying off some of its employees.

Scenario B: Ms Ntsabo was employed as a security guard at Protection Services (Pty) Ltd. One afternoon, her colleague known as JJ touched her in a manner that made her feel uncomfortable. There were hidden CCTV cameras installed, of which JJ was unaware. Ms Ntsabo managed to run away from him. She reported the matter and opened a case against JJ and presented the CCTV camera recording to her employer as evidence. Though the evidence showed that the allegations of sexual harassment against JJ were true, their employer did not take any action against JJ.

Scenario C: John has been working for a company in the fashion industry for 12 years, called the House of the Glitz and Glamour (Pty) Ltd, which is situated at Sandton City in Johannesburg. For ten years, John has been a top performer. However, in the last two years, his work performance standard has drastically deteriorated to an unacceptable level. His manager has consulted with him and provided all the necessary help, counselling and training to help him improve his work performance. Furthermore, his manager asked him to select any health professional that he wants to be referred to so that he can confidentially speak about his problem, and the company will pay all the costs. John insisted that he does not need any professional help and that he is able to deal with whatever is happening in his life by himself.

- 4.1 Assume that the employer wants to dismiss these employees. Identify and explain the type of dismissal that is reflected in these three scenarios. Also provide one example which falls in the same category of dismissal as in the scenarios. (12)
- 4.2 Identify and discuss any four [4] micro-internal environmental factors that may influence labour relations. Integrate theory with practice by using examples in your discussion. (12)
- 4.3 Briefly explain what is meant by a free-market economy. (1)

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QUESTION 5

Read the following scenario and answer question 5.1.

CONFLICT IN THE WORKPLACE

Owing to conflict about unions in the workplace that had previously occurred between employees and management, three managers were scheduled for a meeting where a strategic decision would be made about how they would manage employment relations in their organisation.

Tom started the meeting by stating the following "After the events earlier this week, I came to the realisation that our ever-changing and highly complex society requires us to study a phenomenon like employment relations with an open mind, since it can be influenced by our own perspective or worldview. We as management should come to a joint decision on how we will manage our employment relations." Tom continued by saying the following "Although there is conflict between the different groups in the organisation, we are also somewhat dependent on each other. I personally feel that our employees' values, interests and diversity should also be taken into consideration, since it is our responsibility as management to ensure that the organisation is profitable, efficient and productive."

Grant was furious when he heard Tom's statement and retorted as follows "No, to manage is not our responsibility but our right. We have legitimate authority and employees should be loyal to the organisation and us. The conflict that occurred earlier was probably just a misunderstanding of some sort because in general we all work together in harmony. We should be able to manage it ourselves."

Sipho interrupted "It is because the workers feel oppressed that they asked for this. Just look at the differences between what they have and what management has. It remains a class struggle. I feel for the poor workers and think they should have much more control in the business!" Sipho is of the view that all role-players, organised business, organised labour and the state have a role to play in the formulation of labour policy in South Africa. He believes that all the parties' views should be heard and taken into account. Furthermore, he emphasises that this does not mean that they want to do away with trade unions. He concludes by indicating that unions should remain an important part of their society, and they need strong and independent leadership.

- 5.1 Identify and discuss in detail the perspective of labour relations that is reflected by Tom, Grant and Sipho in the scenario above. (18)
- 5.2 Explain the importance of communication in an organisation. (7)

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TOTAL [75]

STUDENT CHECKLIST	
Have you filled in all your personal particulars on the cover of the examination answer book?	✓
Have you completed THREE of the FIVE questions in the paper?	
Have you written the numbers of the questions you answered on the cover of the examination answer book?	